ashington Post
Times Herald

FRIDAY, MARCH 3, 1972 Phone 223-6000 Circulation 223-6100 Classified 223-6200 15c Bey Marylar

Index

Amusements B 9
Classified C13
Comics D12
Crossword B 7
Editorials A26
Finaneial D 8

United Press International

Aeting Attorney General Riehard Kleindienst and ITT's Felix Rohatyn before the Senate Judieiary Committee.

Hill
Ori
ITT

Klei
Deni
Was

By Sa
Washing

Acting
Richard G
terday de
ate com
meetings
director
tional Tel
graph Co
antitrust
ITT.

He said
arranged
neighbors,
sentative
to him at

that the antitrust litigation could have disastrous economic effects on the company and the nation.

But Kleindienst, whose nomination as Attorney General is pending before the Senate, steadfastly denied that he exerted any pressure to obtain a favorable settlement of the case for ITT.

He also insisted, during a day-long hearing, that he had no knowledge at the time of the plans of an ITT subsidiary to donate $400,000 to the committee planning this summer's Republican National Convention in San Diego.

Kleindienst's version of events was supported by U.S. District Court Judge Richard W. McLaren, former head of the Antitrust Division of the Justice Department, and Felix G. Rohatyn, the ITT director with whom Kleindienst discussed the case.

The testimony and questioning of the three witnesses took so long yesterday that the Senate Judiciary Committee never had time to hear from the man who first leveled charges of impropriety against Kleindienst, syndicated columnist Jack Anderson.

Anderson is scheduled to testify when the special hearing resumes today, as is former Attorney General John N. Mitchell and W. R. Merriam, the ITT vice president in charge of the conglomerate's Washington office.

A subpoena has been issued for Dita D. Beard, a lobbyist for ITT and the author of a controversial memorandum published by Anderson linking the antitrust settlement to the alleged $400,000 contribution.

But Mrs. Beard could not be found, and Committee Chairman James O. Eastland (D-Miss.) said last night that he had asked the FBI to help locate her.

See **KLEINDIENST, A4, Col. 6**

KLEINDIENST, From A1

Anderson claimed yesterday that Mrs. Beard, a resident of Arlington, had been ordered out of town by ITT officials. Justice Department officials were unanimous in their demand that she appear. "I'd sure like to have that gal up here to be examined under oath," McLaren said.

Kleindienst acknowledged under oath yesterday, when pressed by Sen. Birch Bayh (D-Ind.) that "I set in motion a series of events by which Mr. McLaren became persuaded . . . that he ought to come off his position." which was that ITT must divest itself of the recently acquired Hartford Fire Insurance Co.

This is how Kleindienst described the "series of events":

At a neighborhood party in suburban McLean, Va., last spring, he said, John Ryan, corporate deputy director of ITT here, approached Kleindienst and "raised the question of whether I would be available to discuss economic aspects" of the ITT antitrust action.

Although Kleindienst said his memory of the conversation was vague, he testified that he told Ryan he "would be available" for such talks.

Shortly before April 20, Kleindienst received a call from Rohatyn and they set up an appointment for that date.

Rohatyn stressed in advance, Kleindienst said, that "he was not a lawyer and had no political credentials." In fact, the then deputy attorney general subsequently learned that Rohatyn, a New York investment banker, was on the finance committee of Democratic presidential aspirant Sen. Edmund Muskie of Maine.

At the April 20 meeting, Rohatyn explained to Kleindienst that if the Justice Department were to prevail in three antitrust cases pending against the $6.7 billion conglomerate, "drastic economic consequences would accrue," the Cabinet nominee said.

The potential consequences described by Rohatyn were a $1 billion loss to ITT stockholders, a $4-5 billion tax problem and liquidity loss, resulting in an inability of ITT to perform overseas contracts and a subsequent "unfavorable effect on the balance of payments" and "repercussions on the stockmarket."

At Rohatyn's suggestion, Kleindienst said, he urged McLaren to call a meeting nine days later during which the director and other ITT representatives explained their case of "financial hardship" to Justice and Treasury Department officials.

"My own recollection is that I sat there and said nothing myself" during the April 29 meeting, Kleindienst testified.

After that meeting, McLaren testified, he asked for an evaluation of ITT's claims by the Treasury Department representatives and Richard J. Ramsden, a New York investment banker who had previously been consulted by the Antitrust Division in another controversial case involving the Ling-Temco-Vaught conglomerate. Both evaluations supported ITT, McLaren added.

(McLaren later said that he could not remember, but he thought Ramsden had been recommended to the Justice Department either by the Treasury Department or White House aide Peter Flanigan.

(A Treasury Department spokesman confirmed last night that the two Treasury representatives attended the April 29 meeting "basically to answer questions" and "stated orally" that same day that "there was merit" in ITT's position on the international issues.

(The Treasury spokesman said, however, that no formal report on the ITT case was ever requested from or filed by that department.)

McLaren and his aides subsequently developed a settlement proposal which was submitted to Kleindienst for his approval on June 17. It permitted ITT to retain the Hartford Fire Insurance Co., but required divestiture of several other subsidaries, including Avis Rent-A-Car and ITT Levitt, home builders.

On the morning of June 17, Kleindienst and McLaren testified, they jointly called Rohatyn in New York from Kleindienst's office to spell out the terms and urged the director to have ITT lawyers contact McLaren about final negotiations, if interested.

Kleindienst supervised the ITT case after Mitchell withdrew from it because his law firm had substantial dealings with the conglomerate.

On July 31, a Saturday, the ITT settlement was announced, essentially along the lines proposed six weeks earlier by McLaren.

Kleindienst and Rohatyn testified that they held three other private meetings while the ITT case was under consideration by the Justice Department—on May 10, June 29 and July 15.

Each time, they said, Rohatyn was checking on the progress of the case, asking for clarification of the settlement proposals or complaining that the terms were too harsh on ITT.

"It began to look like dismemberment of the company," Rohatyn testified.

Kleindienst said that he gave Rohatyn no encouragement and did not even bother to inform McLaren of the last two meeting with the ITT director. "I told him (Rohatyn) that I would not inject myself into the negotiations," the Cabinet nominee testified.

Under initial questioning by Sen. Edward M. Kennedy (D-Mass.), Kleindienst said Rohatyn simply telephoned and asked for the first appointment.

During a private conference at the witness table, however, Rohatyn reminded Kleindienst that the arrangement originally resulted from the deputy attorney general's talk with Ryan at the neighborhood party.

Correction

Two International Telephone and Telegraph Corp. officials were incorrectly identified in photographs on Page A4 of The Washington Post March 2. Felix Rohatyn, a director, was inadvertently transposed with ITT chairman and president, Harold Geneen. The Washington Post regrets the error.